

LAWS OF INDIANA

RELATING TO

BUILDING AND LOAN ASSOCIATIONS

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WM. B. BURFORD, CONTRACTOR FOR STATE PRINTING AND BINDING

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LAWS OF INDIANA

RELATING TO

Building and Loan Associations

(Senate Bill No. 33)

AN ACT entitled an act concerning building and loan associations

Definition.

SECTION 1. *Be it enacted by the General Assembly of the State of Indiana*, That every association heretofore or hereafter incorporated under any law providing for the incorporation of building, loan fund and savings associations, and every association heretofore or hereafter incorporated under any law for the purpose of assisting its members to accumulate and invest their savings, by accumulating a fund from periodical payments on its stock, or otherwise, to be loaned among its members, shall be known in this act as a building and loan association. Such associations organized under the laws of this State shall be known as "domestic" associations, and those organized under the laws of any other State, Territory or Nation, shall be known as "foreign" associations.

DOMESTIC ASSOCIATIONS.

Organization.

SEC. 2. Any number of persons, not less than ten, who are residents of this State, may associate themselves together for the purpose of organizing a building and loan association, and for that purpose they shall make, sign and acknowledge, before some person authorized by the laws of this State to take acknowledgments of deeds, articles of association in writing which shall state:

First. The corporate name adopted by said association which shall not be the same as nor similar to the name of any other association incorporated in this State. The words "building and loan association," or "savings and loan association" shall form part of the name of every corporation hereafter created under this act.

Second. The purposes for which the association is formed.

Third. The amount of its authorized capital stock; the number of shares into which it is divided; the par value of each share; and the number of shares subscribed for, which shall not be less than one hundred in number.

Fourth. The names and places of residence of the several incorporations and the number of shares subscribed by each.

Fifth. The number of its directors and the names of those who shall serve as directors for the first year.

Sixth. A description of the corporate seal.

Seventh. The name of the city or town where such association is to be located.

Filing Articles.

SEC. 3. When executed as aforesaid, said articles of association shall be approved by, and filed with, the Secretary of State, and a copy thereof, together with a certificate under the hand of the Secretary of State, and the seal of his office, reciting that said copy is true and complete and that said articles have been duly approved by and filed with the Secretary of State, shall be recorded in the office of the recorder of the county where said association is located. Upon the recording of said certified copy, the persons named in the articles of association, their associates and successors, shall become a body corporate, and in their corporate name may contract, sue and be sued, and shall have and exercise such powers as are herein granted and such other powers as are necessary to enable such associations to carry out the purposes of its organization, not inconsistent with the provisions of law. The Secretary of

State shall collect for the benefit of the State, for filing articles of incorporation of any such association, or any certificate of increase of stock, the sum of five dollars for each fifty thousand dollars of capital stock or fractional part thereof.

Management and Elections.

SEC. 4. The business of the association shall be managed by a board of directors of not less than five members who shall be stockholders and who shall be elected by the stockholders. Notice of such election shall be given at least ten days previous thereto by publication in some newspaper of general circulation published in the town or city where such association is located, or if no such newspaper is published, then the newspaper nearest thereto. Directors shall be elected for terms not exceeding three years, and in case the term is longer than one year, then an equal number, as nearly as may be, shall be elected each year. Such association shall adopt by-laws for the regulation and management of its business; and the periodical meetings of the stockholders and directors, the number, functions and qualifications of the officers of any such association, their terms of office and the time and mode of their election and of the election of directors, the manner of voting and the qualifications of the electors, the number of shares to be voted by each member in person or by proxy, the kind of stock to be issued, the terms and conditions on which stock shall be issued and paid for, loans made and repaid, withdrawals allowed, and the manner of conducting the business of such association shall be determined by the by-laws, subject to the laws of this State: *Provided*, That at any stockholders' meeting, no stockholder shall vote more than twenty shares of stock in his own right.

Bonds

SEC. 5. The Secretary and treasurer and any other officer or agent having the custody or charge of money or se-

curities belonging to the association, before entering upon their duties, shall give bonds in suitable amounts and with good and sufficient surety, to be approved by the board of directors; said board shall annually examine all such bonds and pass on the sufficiency of the same and may require new or additional bonds at any time, and no director shall become a surety on any such bond.

Non-Election of Directors.

SEC. 6. No building and loan association shall cease or expire from neglect on the part of the corporation to elect directors or officers at the time mentioned in the by-laws, and all directors and officers, elected by such corporation shall continue in office until their successors are duly elected and qualified.

Stock Lien.

SEC. 7. The capital stock of any such associations may be fixed originally in any sum and may be increased or decreased to any sum by the adoption of a resolution for such increase or decrease by the board of directors. Upon a certified copy of such resolution, under the hand of the president and secretary, attested with the corporate seal, being filed in the office of the Secretary of State, and a copy thereof duly certified by the Secretary of State being filed in the office of the recorder of the county where such association is located, and the payment of the fees required by law for such increase or decrease the authority to issue or decrease the stock as thus increased or decreased shall be deemed complete. The capital stock shall be divided into shares of such denomination, not exceeding five hundred dollars each, as the by-laws may prescribe and may be issued in series, if the by-laws so provide, and all stock may be fully or partially paid in advance or may be paid in installments as the by-laws may provide. No periodical payments of installments of stock shall be required exceeding fifty cents per week on each one hundred dollars of stock. Every share of stock shall be subject to a lien for the pay-

ment of unpaid installments and other charges incurred thereon under the constitution and by-laws and the by-laws may prescribe the form and manner of enforcing such lien. New shares may be issued in lieu of any shares withdrawn, redeemed or cancelled.

Collection from Members.

SEC. 8. It shall be unlawful for any building and loan association doing business in the State of Indiana to charge or collect from any of the members thereof, on any stock or shares of stock therein, any money or moneys, other than membership fees, loan fees, dues on stock, premium, interest and fines. All membership fees, fines, premium and interest shall be credited to the earnings and all expenses shall be paid out of the earnings of such building and loan association, and no association shall charge or collect a membership fee of more than fifty cents per share.

Withdrawals.

SEC. 9. Any stockholder, or the legal representative of any deceased stockholder, whose stock is unpledged for a loan, wishing to withdraw from such association, may do so upon three months' notice in writing to the board of directors, when such withdrawing stockholder shall be entitled to receive the full amounts of dues paid in upon the stock to be withdrawn, together with all declared dividends thereon, less all fines and other charges provided by the by-laws and a pro rata share of the losses sustained during such stockholders' term of payment: *Provided*, That not more than one-half of the funds received by the association in any one month shall be applicable to the payment of withdrawing stockholders, unless otherwise ordered by the board of directors; and when the demands of withdrawing stockholders exceed the funds applicable to their payment, they shall be paid in the order in which their notices of withdrawal were filed with the association. The board may in its discretion waive the notice of withdrawal hereinbefore required. No fine shall be charged to any deceased

member's account for any fault occurring after his death unless the legal representative of the decedent shall have assumed the future payments on the stock.

Fines.

SEC. 10. Such association shall have power to provide for the assessment of fines for non-payment of dues, premium or interest, but such fines shall not exceed ten per centum of the amount of the delinquent payments or such further sums as shall not exceed five cents per share on each delinquent payment and shall be charged only once thereon.

Loans and Investments.

SEC. 11. Such association shall have the power to loan or advance to the stockholders thereof, moneys of the association and to secure repayment of such money and the performance of all other conditions upon which the loans are made by pledge of shares in said association and note or bond and mortgage on real estate in this State which shall be a first lieu thereon, except taxes and special assessments, and except the prior liens held and owned by said association; to loan the funds of the association upon the pledge of the shares of such association, not to exceed ninety per centum of the withdrawal value of such shares. In case there is no demand for loans on the part of stockholders on real estate mortgages or the stock of the association, such association shall have the power to loan the moneys of the association to its stockholders, or to other than its stockholders upon good and ample real estate or personal security, or invest the same in other approved securities. The by-laws of the association shall prescribe the manner of awarding loans, the rate of interest to be charged, not exceeding the then legal contract rate, and the time and manner when the interest and premium, if any, shall be paid.

Premiums.

SEC. 12. Such association may provide in its by-laws that the loans shall be made to the members of the association who shall bid the highest premiums for the preference or priority in procuring loans, the premiums to be payable at one time or in installments, and it shall be competent and lawful for the borrower from such association to agree, in writing upon a given rate of premium in addition to the interest to be paid upon such loan, without bidding. All contracts heretofore made between any borrower and any such association for the payment of any premiums, with or without any bidding, are hereby legalized. No premiums heretofore contracted for, or to be contracted for under this section, with or without bidding, shall be deemed usurious, and the same may be collected by law as debts of like amount are now collected in this State.

Repayment of Loans.

SEC. 13. Any borrower may repay his loan at any time, and may at the same time withdraw from the association, and for that purpose he shall pay to the association the full face amount of the principal of his loan with all interest, fines, and other charges accrued thereon under the by-laws or the terms of any note, mortgage or other evidence of indebtedness given for said loan, deducting therefrom the withdrawal value of his stock pledged to secure such loan, as provided in the case of withdrawals of unpledged stock, and deducting also, in case the full amount of premium was paid in advance, so much of the premium paid by him on his loan as shall bear the same proportion to the whole premium by him paid, as the unexpired term for which the loan was made bears to the whole time for which the loan was made; and on such payments being made, the stock held by such person upon which his loan was made, shall be surrendered to the association and cancelled, and thereupon the association shall deliver to such borrower his note, or bond and mortgage, or other evidence of such loan, and shall also enter of record a full satisfaction of such mortgage.

Power to hold Real Estate.

SEC. 14. Any such association may purchase at any sale, public or private, any real estate upon which such association may have or hold any mortgage, lien or other incumbrance, or in which it has an interest; it may also acquire and own real estate for the purpose of occupying the same as its own business building and it may also acquire and own real estate in fee simple, and improve the same, for the purpose of selling the same to its stockholders on a contract of sale with such stockholder providing for sale to such stockholder at the cost price of such real estate, or improvements, or both, to such association, made and executed concurrently with said purchase, and the real estate so purchased, and any other real estate that such corporation may hold or be entitled to when this act takes effect, it may sell, convey, exchange, lease or mortgage at pleasure to any person, or persons whatever. No such association shall acquire or hold any real estate except as herein provided.

Borrowed Money.

SEC. 15. Any such association shall have power to borrow money for any of its corporate purposes and issue its evidence of indebtedness therefor.

Infants as Stockholders.

SEC. 16. Infants may become stockholders in any such association the same as adults and such infant stockholders shall be subject to the same duties and liabilities as respects their stock as adult members. Any receipt, release, acquittance or discharge given to the association by an infant stockholder shall be binding upon the infant to the same extent as if he were of full age.

Borrower Misrepresenting Age.

SEC. 17. When, in case of any loan made by any such corporation, the borrower, or any other person furnishing

security in behalf of the borrower, shall, as an inducement to the corporation to make the loan, represent to it in writing that he or she is over the age of twenty-one years, whereas in fact such person so representing is under lawful age and the association is thereby deceived, and the loan is upon such representation made, neither such person so representing nor any one in his or her behalf shall afterwards be allowed as against said corporation to take advantage of that fact that he or she was not of full age, but such person shall be estopped by such representation.

Foreclosure.

SEC. 18. In case any borrower shall fail or neglect to pay dues on stock, interest, premiums or fines as provided by the by-laws or the terms of his note, bond, or mortgage or other evidence of indebtedness, for the period of three months, or shall be in default in the performance of any of the obligations imposed upon him thereby, and such default shall continue three months, then the whole of said indebtedness shall become and be immediately due and payable at the option of such association and payment thereof may be enforced by proceedings on his securities according to law.

Transfer of Securities.

SEC. 19. The bonds, notes and mortgages given by members thereof, belonging to any such association, and secured by pledge of the stock thereof, shall not be assignable except upon an order of the circuit court, or the judge thereof in vacation, of the county in which the principal office of said association is situated.

Consolidation of Association.

SEC. 20. Any two or more associations of this State may consolidate into a single corporation by a majority vote of all the stockholders of each of the different associations at a special meeting of each association called for that purpose, of which at least thirty days' notice shall

have been given to each member, the consolidation to be upon such terms as shall be mutually agreed upon by the directors of such associations, and such terms shall be plainly set forth to each member in the notice of such special meetings. Any member not consenting to such consolidation shall be entitled to receive the withdrawal value of his stock in settlement or to have such value applied in part settlement of his loan, if he be a borrower.

Liquidation and Settlement.

SEC 21. Any building and loan association organized under the laws of this State and doing business within this State, may, if the stockholders deem it advisable, go into liquidation, and for the purpose of so doing may, at any regular or called meeting of the stockholders, adopt a resolution declaring that such association intends to go into liquidation and discontinue business as a building and loan association. A copy of such resolution duly certified by the president and secretary of such association under the seal thereof, shall be transmitted to the Auditor of State within ten days after the passage thereof, together with a fee of one dollar for the filing of the same in his office; and thereupon the Auditor of State shall issue his certificate reciting that such resolution has been filed in his office, and that such association is in liquidation. After the filing of such notice, it shall not be lawful for such association to issue stock, or to loan or advance its money to members or to any other person or persons, but all of the income and receipts of such association, in excess of the actual expense of managing the same, shall be applied to pay off first the indebtedness and then the stock in such association upon which no loans have been made, the same to be paid pro rata. The board of directors of such association in liquidation may adopt such rules and make such orders as shall be just and equitable for the sale and disposition of all property held by such association, the assessment to meet losses, if any, and for the division of the profits of such association. Proceedings for the appointment of

a receiver for an association shall not be entertained by any court except on the written recommendation of the Auditor of State, or upon the written request of at least twenty-five members duly acknowledged by each member signing the same before some officer authorized to take the acknowledgment of deeds.

Taxation.

SEC. 22. All building and loan associations, as such, shall be exempt from taxation except upon their real estate. Shares of stock on which loans have not been made or advanced by the association, shall be considered and held as credits of the members, individually, and listed by them, and assessed against them for taxation as other property.

Contingent Fund.

SEC. 23. Such association shall set aside from the gross profits at least three per cent. thereof each year as a sinking fund to provide against contingent losses, until the total amount of such fund so set aside shall equal five per centum of the assets of such association, and such sinking fund shall in no case exceed 10 per centum of the assets of such association: *Provided*, That no association shall be required to reduce its dividend below six per cent. per annum for that purpose.

Dividends.

SEC. 24. Dividends shall be declared, credited or paid on the stock, in proportion to the amount paid in on such stock quarterly, semi-annually or annually as the by-laws may provide, but no dividends shall be declared, credited or paid by any such association except out of net profits collected, after deducting from the earnings all expenses of operation and losses sustained.

Department Created.

SEC. 25. There is hereby established in the office of the Auditor of State a building and loan association depart

ment under the control and direction of the Auditor of State, who shall be ex-officio building and loan association inspector and shall be charged with the execution of the laws of this State relating to building and loan associations. He is hereby authorized to employ a clerk in his office to be known as the building and loan clerk, who shall be paid as provided by law, and three building and loan examiners, not more than two of whom shall be of the same political party, each of whom shall be paid a salary of eighteen hundred dollars per year. Said building and loan clerk and examiners shall also be paid their actual and necessary traveling and hotel expenses while absent from their places of residence, incurred in the performance of their official duty. Each examiner shall file with the Auditor of State an itemized statement of expenses, duly verified by his oath, and the Auditor of State, after examining and approving the same, shall issue his warrant therefor. Such building and loan clerk and examiners shall be appointed for a term of two years and shall be subject to removal at any time by the Auditor of State and shall qualify before entering upon the discharge of their duties, by giving a bond payable to the State of Indiana in the sum of five thousand dollars to be approved by the Auditor of State, conditioned for the faithful performance of their duties as prescribed by law. Such examiners shall have the powers and perform the duties herein prescribed under the direction of the Auditor of State. All records and papers relating to the business of the association when its business is fully completed after voluntary liquidation shall be filed in the office of the Auditor of State for future reference.

Annual Reports.

SEC. 26. Every domestic building and loan association shall in the month of January of each year file in the office of the Auditor of State a statement of its condition at the close of business on the 31st day of December preceding. Such statement shall be under the oath of the president

and secretary and at least three directors of such association, and shall show in such form as may be prescribed by the Auditor of State, the name and location of such association, date of incorporation, the names of its officers and directors, the amount of its authorized capital stock and the amount of its capital stock paid in, the number of members and of shares subscribed for, and separately the amount of membership fees, dues, interest, premiums, fines, assessments, and all other receipts; also all sums paid on loans withdrawals, losses, salaries and all other expenses, dividends, interest and all other expenditures; it shall also contain a detailed statement of the assets of such association, the character of such assets and the fair cash value thereof, together with the nature and fair cash value of all securities of such association; it shall also contain a detailed statement of the liabilities of such association and the character of such liabilities, the par value and the amount of dues or assessments payable on each share of stock issued by such association, when such dues and assessments are payable, the amount of premiums and the interest charged on loans made by such association, the amount and rate of interest paid on debenture, paid-up or other stock issued by such association or other moneys, received by it, and such other information concerning the business of such association as may from time to time be required by the Auditor of State. Such associations shall file in the office of the Auditor of State copies of their by-laws or rules and copies of each of the several kinds of certificates issued to their stockholders or other investors and copies of any amendments or charges therein.

Failure to Report.

SEC. 27. The president and secretary of any such association failing to make and file the reports required by this act within thirty days after the same are due, shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be fined in any sum not exceeding one hundred dollars. Upon failure to file such report it shall be

the duty of the Auditor of State to notify the president and secretary of such association of such failure, and if such report is not filed within thirty days from the date of such notice, then it shall be the duty of the Auditor of State to examine such association as provided in section thirty of this act.

Accounts.

SEC. 28. All such associations shall keep full and correct books of account showing all their operations and the Auditor of State is hereby authorized to formulate and prescribe such regulations respecting the manner and form of keeping such accounts, as he shall deem necessary for the making of reports and examinations required by law, such regulation to be uniform for all accounts of the same class.

Annual Statement to Members.

SEC. 29. It shall be the duty of every such association to furnish, within thirty days after the annual statement to the Auditor of State, an annual written or printed statement of the condition of such association to each of the stockholders thereof, which said statement shall be delivered personally or mailed to the stockholder. Such statement shall show separately the amount of membership fees, loan fees, dues, interest and fines, together with all moneys received by it from any source whatever, and a full showing of all payment on loans, dividends, salaries and all expenditures of every character, being a full and complete financial statement of such association during the preceding year. The statement shall be sworn to by the secretary, and certified by the directors or a majority thereof.

Examinations.

SEC. 30. The affairs of every domestic building and loan association not in liquidation shall be examined by the Auditor of State, or by the building and loan clerk or

one of the examiners, provided for by section twenty-five of this act, or by any bank examiner appointed and qualified under the laws of this State, under the direction of the Auditor of State, as often as shall be deemed necessary and without any notice to such association, its officers, or agents, and such examiner shall have the power and shall make a thorough examination into the condition, working and affairs generally of such association, and he shall have the power to examine any officer, agent or employe of such association, or any other person under oath touching the affairs thereof and for that purpose shall have the power to administer oaths; and all books, papers, records and assets of such association shall be subject to his inspection. Said examiner shall make report of his findings and file the same in the office of the Auditor of State and said auditor shall furnish a copy of such report to the association examined. Said examiner shall report any violations of law or any unauthorized or unsound practices or any failure to keep full and correct accounts of the business of such association. The fees for examining domestic building and loan associations shall be as follows: For examining associations having assets of less than \$25,000 a fee of \$5 shall be charged; for examining associations having assets of over \$25,000 and less than \$50,000, a fee of \$7.50 shall be charged; for examining associations having over \$50,000 assets and less than \$100,000 assets a fee of \$10 shall be charged. For each additional \$100,000 of assets or fractional part thereof a fee of \$5 shall be charged. Which amounts shall be assessed by the Auditor of State upon and paid by the respective associations so examined immediately upon the completion of the examination, to the Auditor of State, but no association shall be required to pay for more than one examination each year.

Notice to Directors.

SEC. 31. Should the Auditor of State find any such association conducting its business in whole or in part, contrary to law, or failing to comply with the law, he shall so

notify the board of directors of such association in writing, and if, after thirty days, such illegal practice or failure continue, he shall report the facts to the Attorney-General, who shall cause proceedings to be begun in the proper court to revoke the charter of such association.

Report to Attorney-General.

SEC. 32. Should the Auditor of State find, upon examination, that the affairs of any such association are in an unsound condition, and that the interests of the public demand the dissolution of such association, and the winding up of its business, he shall so report to the Attorney-General, who shall institute the proper proceedings for that purpose.

Refusal to Permit Examination.

SEC. 33. The refusal of any such association to permit the examination of its affairs as authorized by this act shall be sufficient cause for institution of proceedings to wind up its affairs, as provided in section thirty-two of this act.

FOREIGN ASSOCIATIONS.

Statements.

SEC. 34. It shall be unlawful for any corporation, association, or society organized under the laws of any State or Territory (other than the State of Indiana), or of any government foreign to the government of the United States, to conduct or engage in the business of the building loan fund, savings or investment association, and of issuing stocks or bonds to members, payable in weekly, monthly or yearly installments or assessments, agreeing to pay thereon dividends or profits, or interest, or to pay off bonds by number consecutively or otherwise, without first having filed in the office of the Auditor of State a statement, under the oath of the president, secretary and at least three of the directors, showing the name and location

of such corporation, association or society, date of incorporation, the names of its officers, the amount of its capital stock, the amount of its capital stock paid in, the amount of the assets of said corporation, association or society, the character of such assets and the fair cash value thereof, together with the fair cash value of all of the securities held by such corporation, association or society; the liabilities of such corporation, association or society, and the character of such liabilities; the par value and the amount of dues or assessments chargeable on each share of stock issued by such corporation, association or society; the proportion of such dues or assessments credited to the loan fund, expense fund, or other fund; when such assessments or dues are payable; the amount of premium and interest charged on loans made by such corporation, association or society; the amount of interest paid on debenture, paid-up or other stock issued by said corporation, association or society; and such other information concerning the business of said corporation, association or society as may from time to time be required by said Auditor of State.

Copy of Act of Incorporation.

SEC. 35. In addition to the statement required by section thirty-four (34) of this act said foreign corporation, association or society shall file with the Auditor of State a copy of its act of incorporation, properly authenticated by the officer of the State in which said foreign corporation, association or society is incorporated, a copy of the by-laws and rules governing it, and of each of the several kinds of the certificates issued to its shareholders, or stockholders.

Deposit of Cash or Bonds.

SEC. 36. Every such foreign corporation, association or society doing business in this State shall conduct the same in accordance with the laws of this State governing domestic associations. It shall also deposit with the Auditor of State one hundred thousand dollars either in cash

or bonds of the United States, or of any State of the United States, or any county or municipal corporation in the State of Indiana, satisfactory to the auditor, or in lieu of any such deposit, any such foreign corporation, association or society shall file with the Auditor of State a written contract or bond executed by a responsible surety and guaranty corporation or company to the approval of the Auditor of State, by which contract or bond said surety and guaranty corporation or company shall agree that upon notice by mail from said auditor that any such foreign corporation, association or society is indebted to any citizen of the State of Indiana in any sum or sums, which indebtedness it refuses to promptly pay, that it will at once pay such sum or sums to said auditor and continue so to do from time to time until such payments shall equal one hundred thousand dollars; and upon failure to make such payment or payments, then such auditor shall at once revoke the license of any such foreign corporation, association or society, under section 37 of this act, and suit against such surety and guaranty corporation or company shall be brought by the State of Indiana on relation of the Attorney-General of said State, and any judgment recovered against any such surety and guaranty corporation or company shall include one hundred dollars damages and costs of suit exclusive of such sum or sums of indebtedness in favor of such citizen or citizens, which damages shall be the compensation of said Attorney-General for recovering such judgment. Such surety and guaranty corporation or company shall agree in writing, filed with the auditor before acceptance by the auditor of its contract or bond, to accept service of process of court by service thereof on the auditor, who shall mail a copy thereof to the office of such corporation or company. And such auditor may, whenever in his judgment he thinks any such contract or bond so filed in his office to be insufficient, request any such foreign corporation, association or society to file a new bond, satisfactory to such auditor, and upon failure to comply with such requirement said auditor shall revoke the license

of said foreign corporation, association or society, as provided in said section 37, to do business in this State, and such foreign corporation, association or society shall not be entitled to enforce by legal proceedings any evidence of indebtedness against any citizen or citizens in this State or any mortgage against any property in this State until such requirement has been complied with. Any such foreign corporation or society shall also file with the auditor a written instrument, properly executed, agreeing that a summons may issue against it from any county in the State, and when served upon the Auditor of State shall be service upon such foreign corporation, association or society. The auditor shall, however, mail a copy of the papers served upon him, postage prepaid to the home office of such foreign corporation, association or society.

License by Auditor.

SEC. 37. Upon compliance with the preceding sections of this act by any such foreign corporation, association or society, and the Auditor of State is satisfied that it is doing a lawful and safe business, he may issue to said foreign corporation, association or society a license authorizing it to conduct its business in this State and to solicit subscriptions from the residents of this State to its capital stock. The Auditor of State shall have the power at any time, to revoke said license when said foreign corporation, association or society fails or refuses to comply with any of the provisions of this act, or when any such foreign corporation, association or society shall refuse to permit to be made the examination of the affairs of such foreign corporation, association or society hereinafter provided for, or when, upon examination, the Auditor of State shall find that such foreign corporation, association or society is not conducting its business in accordance with the law, or that the affairs of such foreign corporation, association or society are in an unsound condition: *Provided*, That upon the revocation of said license, said auditor shall cause a notice thereof to be mailed to the home office of

such foreign corporation, association or society, and to be published in at least one newspaper published in the city of Indianapolis: *And, provided further,* That after the publication of such notice it shall be unlawful for any agent of such foreign corporation, association or society to receive further stock deposits from members residing in this State, except payments on stock on which a loan has been made.

Deposits—How Held.

SEC. 38. The deposit made with the auditor shall be held as security for all claims of residents of this State against said foreign corporation, association or society, and shall be liable for all judgment or decrees thereon. Such foreign corporation, association or society may collect and use the interest on any security so deposited, as required by section thirty-six (36) of this act, so long as it fulfills its obligations and complies with the provisions of this act. It may also exchange them for other securities of equal value and satisfactory to the auditor. All securities or cash deposited with the auditor shall be immediately deposited by him with the Treasurer of State, who, with his sureties, shall be responsible for the safe keeping thereof. The treasurer shall deliver such securities only upon written order of the auditor.

Agents to Procure Certificates.

SEC. 39. Every agent or person engaged, directly or indirectly, in soliciting subscriptions to the capital stock of any such foreign corporation, association or society shall first procure from the Auditor of State a certificate showing the appointment of such person as such agent of said foreign corporation, association or society, to which certificate the Auditor of State shall attach a certified copy of the statement of condition of such foreign corporation, association or society. It shall be unlawful for such auditor to issue such certificate except upon the filing in his office of a written appointment under the hand of the president

and secretary of said foreign corporation, association or society, attested by its corporate seal. Such certificate shall be renewed annually in the month of January of each year.

Examination by the Auditor.

SEC. 40. The Auditor of State shall examine, or cause to be examined, under the provisions of this act, whenever in his judgment it may be necessary for the interests of the shareholders or stockholders of said foreign corporation, association or society residing in this State, every detail of the business of any said foreign corporation, association or society transacting business in this State. Said examination shall be made at the expense of the foreign corporation, association or society examined, and consent to make such examination shall be filed before any certificate authorizing such foreign corporation, association or society shall be granted by said Auditor of State.

Reports by Association.

SEC. 41. Every such foreign corporation, association or society authorized to transact business in this State shall on the first day of January in each year file a report under the oath of its president or secretary, and which shall be certified to by at least three directors showing the gross amount of assessments, dues, fines, membership fees and all moneys collected by said foreign corporation, association or society from shareholders or stockholders residing in this State during the previous year. Such statement shall also show the amount of money loaned by said foreign corporation, association or society to any of its shareholders or stockholders residing in this State during the previous year. Any such foreign corporation, association or society shall pay to the Auditor of State, to be by him paid into the treasury of the State, the sum of three dollars (\$3.00) on every one hundred dollars (\$100) received by such foreign corporation, association or society from the shareholders or stockholders residing in this State, less

the amount actually loaned to the shareholders or stockholders of such foreign corporation, association or society residing in this State

Statement—Filing of.

SEC. 42. Every such foreign corporation, association or society shall, in addition to the report required by section forty-one (41) of this act, on the first of January of each year file with the Auditor of State a detailed statement showing separately the amount of membership fees, dues, interest, premium, fines, forfeitures, assessments, expense fund, receipts and all other moneys received by it, together with a full showing of amounts paid on loans, withdrawals, losses, salaries, and all other expenses, dividends, interest or other expenditures; and it shall further show the amount of the assets of said foreign corporation, association or society, the character of such assets, the fair cash value thereof, together with the nature and fair cash value of all securities of such foreign corporation, association or society; and it shall also show the liabilities of such foreign corporation, association or society, and the character of such liabilities; the par value and the amount of dues or assessments chargeable on each share of stock issued by such foreign corporation, association or society; the proportion of such dues or assessments credited to the loan fund, expense fund or other fund; when such assessments or dues are payable; the amount of premium and interest charged on loans made by such foreign corporation, association or society; the rate and amount of interest paid on debenture, paid up or other stock issued by such foreign corporation, association or society, and such other information concerning the business of such foreign corporation, association or society as may from time to time be required by the Auditor of State

Fees Collected by Auditor.

SEC. 43. The Auditor of State shall charge and collect from such foreign corporation, association or society, for

filing the statements and other papers and issuing the certificates required to be filed and issued by this act the same fees as are charged and collected from insurance companies doing business in this State, which are chartered and incorporated under the laws of the State in which such foreign corporation, association or society is incorporated.

Publication of Settlements.

SEC. 44. The Auditor of State shall cause to be printed once in two papers of general circulation representing the two political parties casting the highest number of votes at the last preceding election, published in the city of Indianapolis, the annual statement of such foreign corporation, association or society required to be filed in his office by section forty-two (42) of this act. The cost of such publication shall be paid by such foreign corporation, association or society.

Penalty for Unlawful Business.

SEC. 45. Any person or persons who, either directly or indirectly shall solicit subscriptions to the capital stock of any such foreign corporation, association or society, or act as agent for and such foreign corporation, association or society, without first procuring the certificate required in section thirty-nine (39) of this act, shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be fined in any sum not exceeding five hundred dollars (\$500), to which may be added imprisonment in the county jail not exceeding thirty (30) days

Receiver.

SEC 46. That where a foreign building and loan association doing business within this State has become insolvent, and its affairs are being wound up by a receiver, the failure of such association to have complied with the laws of the State respecting its admission to do business therein, shall not effect the right of such receiver to bring any suit necessary to wind up the affairs of such association.

GENERAL PROVISIONS.

Publication of Reports.

SEC. 47. The Auditor of State shall annually compile the reports of all such associations required to be filed in his office and shall publish the same in his annual report to the Governor and General Assembly, together with a report of the operation of the building and loan department, the receipts and expenses of such department and such additional information respecting the building and loan associations doing business in the State of Indiana as may be of general interest.

Fees of Department.

SEC. 48. All fees and charges collected by the Auditor of State under any provisions of the law of this State from all building and loan associations, shall be kept in a separate account and paid to the State Treasurer accompanied by a report thereof, once each month. The salaries of examiners and other expenses of the building and loan association department shall be paid out of any moneys in the state treasury not otherwise appropriated.

Disclosures of Examiners—Penalty.

SEC. 49. It shall be unlawful for any inspector or examiner appointed or acting under the provisions of this act to disclose to any person otherwise than officially to the Auditor of State by the report made to him, or in compliance with the order and precept of a court, the names of stockholders or depositors in any such association, or any information respecting their private accounts. Every inspector or examiner who violates the foregoing provision shall be guilty of a misdemeanor and on conviction thereof shall be fined in any sum not exceeding one hundred dollars.

Repeal.

SEC. 50. All laws and parts of laws in conflict with this act are hereby repealed; and the following acts upon the same subject matter and all acts amendatory thereof, are hereby expressly repealed, to wit:

The act approved March 11, 1875, published on page 17 of the acts of the General Assembly for that year.

The act approved March 24, 1879, published on page 80 of the acts of the General Assembly for that year.

The acts which became a law by lapse of time without the Governor's signature March 11, 1885, published on page 81 of the acts of the General Assembly for that year.

The act approved March 7, 1887, published on page 40 of the acts of the General Assembly for that year.

The act approved March 3, 1893, published on page 274 of the acts of the General Assembly for that year.

Section 89 of the act approved March 6, 1891, and which section is published on page 233 of the acts of the General Assembly for that year.

The act approved March 8, 1897, published on page 284 of the acts of the General Assembly for that year.

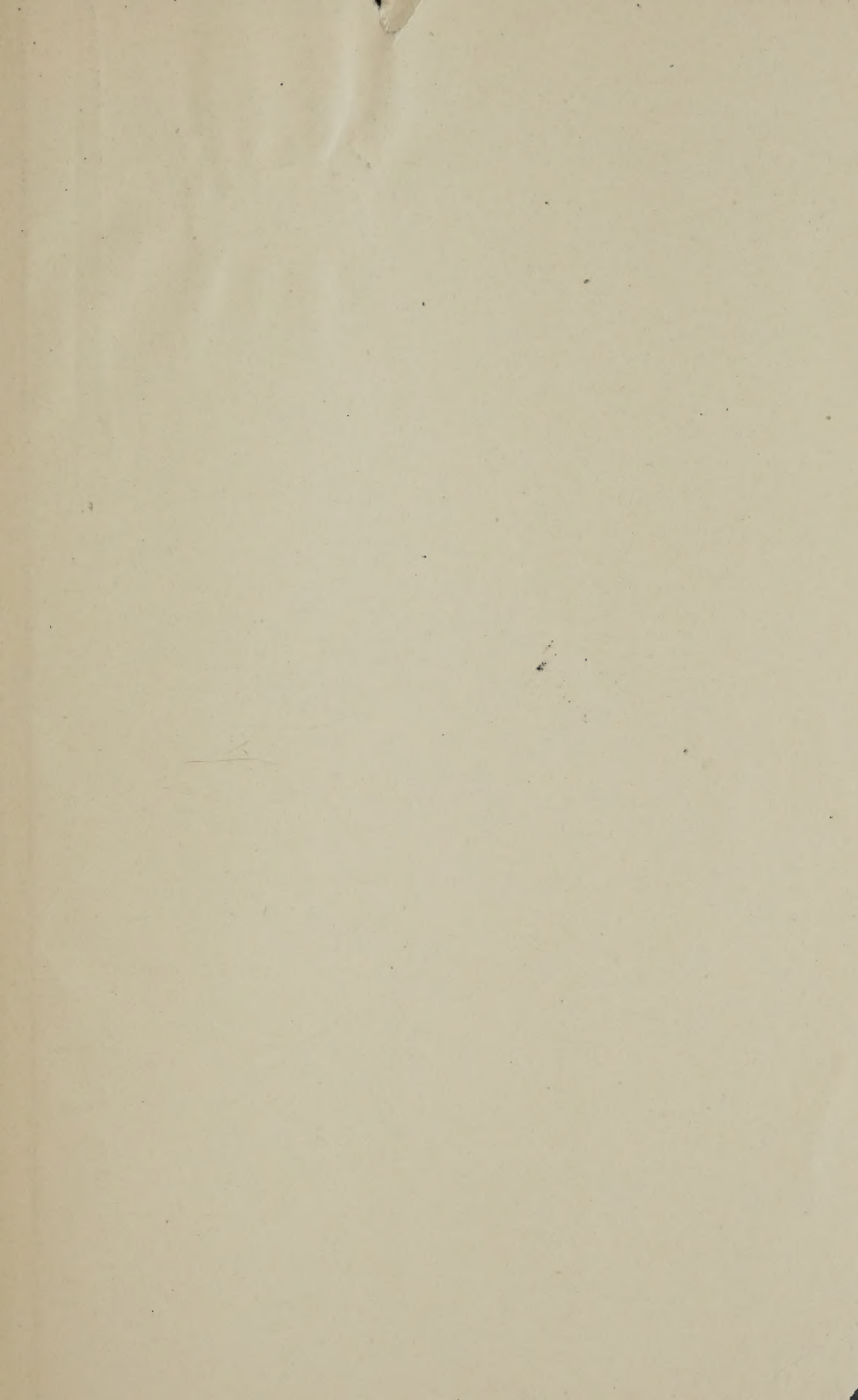
The act approved March 5, 1909, published on page 174 of the acts of the General Assembly for that year.

Provided, however, That all rights acquired and all acts performed in pursuance of the provisions of any act so repealed shall not be affected by such repeal.

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